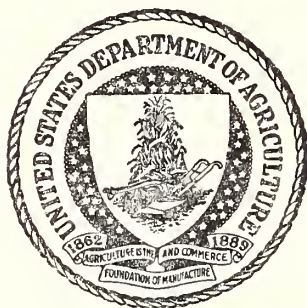


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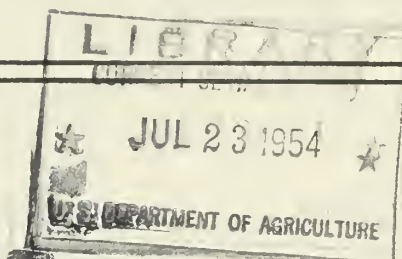
Foreign CROPS AND MARKETS



VOLUME 69

NUMBER 1

ALMONDS (Page 8)



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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON 25, D.C.

FOR RELEASE

MONDAY

JULY 5, 1954

U.K. INCREASES
COTTON IMPORTS

Imports of 1,132,000 bales (500 pounds gross) of cotton into the United Kingdom during the 8 months, August 1953-March 1954 represent a 45-percent increase over the 781,000 bales imported in August-March 1952-53, according to K. M. Greaves, American Consulate, Manchester.

The most significant increases were in imports from Brazil, Egypt, the Anglo-Egyptian Sudan, Pakistan, and Mexico, while sizable decreases were reported in imports from the United States, Argentina, and British East Africa.

(Continued on Page 21)

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L A T E N E W S

CORRECTION

The first official report on the 1954 cotton acreage in Egypt places the area planted at 1,639,000 acres. This is 19 percent above the final acreage estimate of 1,375,000 acres for 1953-54, but is considerably less than the average of around 2,050,000 acres for the 3 previous years, (1950-51 through 1952-53). (This corrects a "Late News" item in Foreign Crops and Markets of June 28, 1954 in which it was stated erroneously that the first official report placed the area planted at 1,826,000 acres, an increase of 33 percent).

(Continued on Page 25)

FOREIGN CROPS AND MARKETS

Published weekly to assist the foreign marketing of U. S. farm products by keeping the nation's agricultural interests informed of current crop and livestock developments abroad, foreign trends in production, prices, supplies and consumption of farm products, and other factors affecting world agricultural trade. Circulation is free to persons in the U. S. needing the information it contains.

Foreign Crops and Markets is distributed only upon a request basis. Should you find you have no need for this publication, please tear off the addressograph imprint with your name and address on the enclosing envelope, pencil "drop" upon it, and send it to the Foreign Agricultural Service, Room 5922, U. S. Department of Agriculture, Washington 25, D. C.

EXPORTS BOLSTERED BY
SECTION 550 FUNDS

During the past fiscal year, ending June 30, 1954, United States tobacco exports were materially assisted by procurement authorizations made under the provisions of Section 550 of the Mutual Security Act of 1953. According to latest information, a total of about \$38.4 million worth of tobacco was covered by authorizations made during the 1953-54 fiscal year. The break-down by types of tobacco was about as follows: flue-cured, \$31.0 million (47 million pounds); Burley, \$4.0 million (8 million pounds); fire-cured, \$2.9 million (7 million pounds); and dark air-cured \$0.5 million (2 million pounds). All of this tobacco has not moved out as yet.

It should be noted that these figures are tentative in some cases, particularly with respect to the quantities shown with the dollar figures. The dollar value of the authorizations was sufficient to cover the exportation of 60 to 65 million pounds of leaf tobacco - roughly equivalent to 13 percent of total United States 1953-54 exports.

COMPETITION BOOSTS PRICE OF
DOMESTIC TOBACCO IN VENEZUELA

Entrance of a new cigarette company into the tobacco market in Venezuela has forced a rise in the average price for domestic flue-cured tobacco. Prices paid by the two largest manufacturers dropped from the 79 U. S.-cent average last year to 61 U. S. cents at the beginning of this marketing season. The new company, which is scheduled to begin production this year, paid an average of about 82 U. S. cents per pound during the same period. Growers especially those under contract to the established firms, strenuously protested the lower average prices they were offered. In June the established firms raised their average price bid to 82 U. S. cents to meet the competing price.

NORWEGIAN TOBACCO CONSUMPTION
UP SLIGHTLY

Factory consumption of leaf tobacco in Norway in 1953 amounted to 9.7 million pounds compared with 9.5 million in 1952, as the result of small increases in the quantity of cigarettes and pipe tobacco manufactured. Total imports of unmanufactured tobacco last year were 9.2 million pounds, of which the United States supplied 7.9 million or 86 percent. Total import requirements for 1954 are estimated at from 8.8 to 9.9 million pounds, of which the United States probably will supply about 85 percent.

PHILIPPINES TO ESTABLISH
TOBACCO ADMINISTRATION

The American Embassy at Manila reports that the Philippine Congress recently passed legislation to establish a Philippine Tobacco Administration (PTA). This bill has the backing of the President and it is expected that he will sign it.

The PTA is to be a Government Corporation under the supervision of the Office of Economic Coordination. It will replace the National Tobacco Corporation which was abolished in 1950. Capitalization will be in the form of a 2 million-peso per-year appropriation for the next 5 years. This fund will allow 20 percent for operating expenses, 70 percent for trading activities, and 10 percent for research. Assets of the defunct National Tobacco Corporation will be transferred to the PTA as additional capital.

Many functions are assigned to the PTA relating to the production, processing, storage, transportation, marketing, manufacturing and price support of tobacco leaf, tobacco products and tobacco by-products. Credit facilities and other services may also be provided.

Single copies of the law may be obtained from the Foreign Agricultural Service, U. S. Department of Agriculture, Washington, 25, D. C.

ASIAN RICE SITUATION 1/

Changes in the foreign rice situation since the March rice report on Asia for the most part are in individual countries and do not have a great deal of effect on world trade in rice as a whole. Generally speaking, the over-all balance between rice supplies and demand is the most satisfactory of any year since World War II. The lessening of problems of supply, however, may prove to be only temporary. World supplies of medium-quality rice are available at new price levels, but those of top-quality, and particularly of the Japonica varieties, are definitely on the short side.

Some exporters of rice have burdensome amounts of both "brokens" and damaged milled grades. Such stocks are not moving into food channels, even at lower prices. Similarly, importing areas have, in many cases, stocks of poor quality, against which there is considerable consumer resistance. So the temporary glut of very low-quality, particularly broken grades, continues at both ends of the distribution chain. Although the market is not absorbing these stocks - and much of them may have to be diverted to non-food uses - the existence of such supplies at mill, or at port, depresses the overall market to a considerable extent.

At present, it appears that prices for average grades moving from Southeast Asian sources to export will not move downward appreciably for the time being. Burma now has enough contracts to indicate that the problem for the remainder of 1954 will be one of loading and maintaining grade standards. While in general, the low-quality of stocks is making it difficult to complete contracts, buyers are demanding and in many cases have been getting concessions and readjustments in shipments made over the past 3 or 4 months.

1/ This rice report is the third in a series prepared by Dexter V. Rivenburgh, Foreign Agricultural Service rice marketing specialist, as a resume of his recent first-hand observations in the important rice areas of southeast Asia.

There have been minor downward price adjustments in Thailand since the May schedules were announced, and if arrangements can be made to move broken rice, of which there is some 200,000 tons in Bangkok alone, then further concessions may be made on milled rice. These would be limited to individual transactions and should not too greatly upset the present general price level.

United States rice has remained competitive up to the present time at about 8 cents f.o.b. United States ports as compared with average Asian grades at around 7 cents f.o.b. Asian ports. When the amount of rice that has been rejected by Asian importers and diverted into non-food channels is taken into consideration, the United States export grades in many instances have proved to be the better buy at existing differentials. Maintenance of quality will prove to be the biggest asset of United States rice producers in retaining a share of Asian rice markets.

Shipments of American rice into Asia in the first 9 months of the 1953-54 marketing year have amounted to about 8.7 million bags, or 20 percent more than the total amount of rice shipments to all sources for the marketing year 1945-46. Of this amount, shipments to Japan at the end of April were about 8 million bags, with considerably larger contracts still to be loaded.

Japanese interest in rice imports remains active, since the Government schedule calls for the importation, if possible, of some 60,000 metric tons additional of Japonica short-grain varieties before the end of September 1954. While their interest at the present time is selective in that imports are desired only in preferred varieties, the fact that probably not all of such requirements can be filled from accessible and acceptable world markets may give a better tone to the market for other grades of rice.

It is still too early in the year to assess weather conditions for the 1954-55 rice crop of Asia although in at least 2 instances the opening of the new crop season at transplanting time has not been under favorable conditions. The effect of weather conditions on the 1954-55 crop will be of unusual importance this year.

As a result of the recent relaxation of long-established controls on the distribution of rice, where millions of consumers are involved, Governments will find it necessary to maintain somewhat larger stocks than were necessary under rigid rationing controls. If there were to be monsoon failures resulting in only a small percentage drop in the average domestic production of an importing country, such a country could be expected to step up the purchase of rice at present price levels. Local Governments are highly sensitive to the undesirable features of re-establishing strict rationing of rice at this time, and the only preventative measure open to them if their new crop is reduced, is to build up stocks through imports.

If there were to be an acceleration of the export trade in rice because of this, then the effects would be seen against the 1954-55 harvest, rather than against current export availabilities from the 1953-54 crop. Countries interested today in increasing stocks are finding quality a limiting factor, since much of the supplies to which they have access in the world market are unacceptable rice to place into holding stocks.

An additional advantage that the United States rice industry has in Asian markets, other than that of standardized grades and quality, is the seasonal pattern of United States rice harvests as compared with the Asian time of harvest. United States rice interests should be prepared to take advantage of this factor and endeavor to maximize sales of rice in the area in the period of August through December.

ITALY EXPORTS LESS RICE THAN YEAR AGO

Rice exports from Italy during the 8 months, September 15, 1953, to May 15, 1954, amounted to 206,000 metric tons (2,204.6 pounds = 1 metric ton; compared with 267,000 tons during the corresponding period of the year before.

In order to facilitate rice exports, the Government has placed rice shipments under normal custom regulations and has discontinued the practice of exporting rice in combination with hemp. As an additional inducement, the Ente Nazionale Risi recently reduced the export price of rice from 9,450 to 8,250 lire per metric quintal (\$6.86 to \$5.99 per 100 pounds.)

U.S. RICE EXPORTS SLIGHTLY AHEAD OF YEAR AGO

Despite a sharp drop in United States rice exports in April, total exports during the August-April period of the current marketing year of 13,918,000 bags (100 pounds) were slightly ahead of the 13,875,000 bags in the like period of the year before.

Rice exports in April totaled 885,000 bags as compared with 1,557,000 bags in March and with 1,426,000 bags in the corresponding month of a year earlier. Shipments to all areas declined as compared with the preceding month, but exports to Japan were larger than in April 1953.

Cumulative rice exports during the first 3 quarters of the current marketing year (August-July) show a material increase to all countries of the Western Hemisphere, except to the British West Indies. The year's exports to Europe so far of 291,000 bags equal those of the year 1951-52, the year of previous highest postwar exports.

While total exports to Asian countries during the August-April period are well below corresponding months of a year earlier, shipments to Japan in this period show a 100-percent increase. Exports to that country now have passed the 8-million bag mark.

RICE: United States exports to specified countries,
April 1954, with comparisons 1/

Country of Destination	August-July		August-April		April	
	1951-52	1952-53	1952-53	1953-54	1953	1954
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>bags</u>	<u>bags</u>	<u>bags</u>	<u>bags</u>	<u>bags</u>	<u>bags</u>
Western Hemisphere:						
Canada.....	443:	601:	532:	535:	47:	40
British Honduras.....	22:	3:	3:	12:	0:	3
British West Indies.....	54:	81:	80:	5:	3/	1
Cuba.....	5,118:	4,876:	3,815:	3,990:	159:	55
Netherlands Antilles.....	25:	41:	33:	41:	5:	4
Venezuela.....	196:	86:	64:	168:	7:	1
Colombia.....	3/	3/	0:	57:	0:	0
Other countries.....	38:	15:	8:	27:	2:	5
Total.....	5,896:	5,703:	4,535:	4,835:	220:	109
Europe:						
Belgium & Luxembourg.....	57:	52:	46:	181:	5:	5
Greece.....	209:	3/	3/	5:	0:	0
Iceland.....	3:	8:	7:	3/	0:	0
Switzerland.....	21:	38:	38:	52:	0:	1
West Germany.....	1:	3/	3/	16:	0:	0
Other countries.....	3/	2:	1:	37:	3/	3/
Total.....	291:	100:	92:	291:	5:	6
Asia:						
Saudi Arabia.....	91:	138:	103:	95:	10:	11
Ceylon.....	741:	647:	647:	0:	0:	0
Indonesia.....	1,799:	1,100:	1,100:	0:	66:	0
Philippines.....	71:	3/	0:	3/	0:	0
Korea, Republic of.....	2,821: 4/	4,631: 4/	2,680: 4/	590:	4/ 449:	0
Hong Kong.....	0:	179:	179:	0:	0:	0
Japan.....	5,430:	4,420:	4,010:	8,040:	610:	757
Ryukyu Islands.....	1,200:	616:	486:	0:	65:	0
Other countries.....	9:	5:	4:	22:	0:	1
Total.....	10,962:	11,736:	9,209:	8,747:	1,200:	769
Total Oceania.....	13:	19:	17:	14:	1:	1
Liberia.....	73:	22:	22:	22:	0:	0
Other Africa.....	4:	1:	3/	5:	0:	3/
Total World.....	17,259:	17,581:	13,875:	13,918:	1,426:	885

1/ Milled rice, including brown, broken, screenings and brewers' rice and rough rice converted to terms of milled at 65 percent. 2/ Preliminary. 3/ Less than 500 pounds. 4/ Adjusted to include all programs of the Defense and the Foreign Operations Administration.

Source: Bureau of the Census, except as noted.

THAILAND ANNOUNCES NEW SCHEDULE OF RICE EXPORT PRICES

A new schedule of official rice export prices recently was announced by the Thai Ministry of Economic Affairs, according to Graham S. Quate, Agricultural Attache, American Embassy at Bangkok. Prices effective under renegotiated Government-to-Government agreements have not yet been announced, but it is assumed that these will be the same as official prices of June 9.

The new schedule of official export prices has affected commercial export quotations as shown below:

THAILAND: Commercial quotations for export white rice,
f.o.b. Kohsichung, Government standard qualities

Grade	: Quoted as of		: Quoted as of		: Quoted as of	
	: May 2		: June 6		: June 17	
	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars
	: per m.t.	: per	: per m.t.	: per	: per m.t.	: per
	: : 100 lbs.	: : 100 lbs.	: : 100 lbs.	: : 100 lbs.	: : 100 lbs.	: : 100 lbs.
100 % whole rice	:	:	:	:	:	:
1st Class	: 204.40	: 9.27	: 206.50	: 9.37	: 204.40	: 9.27
2nd Class	: 201.60	: 9.14	: 203.70	: 9.24	: 200.20	: 9.08
3rd Class	: 198.80	: 9.02	: 200.90	: 9.11	: 196.00	: 8.89
5% Broken	: 176.40	: 8.00	: 171.50	: 7.78	: 175.00	: 7.94
10% "	: 168.00	: 7.62	: 165.90	: 7.53	: 169.40	: 7.68
15% "	: 158.90	: 7.21	: 159.60	: 7.24	: 159.60	: 7.24
20% "	: 154.70	: 7.02	: 156.80	: 7.11	: 148.40	: 6.73
25% "	: 147.70	: 6.70	: 151.20	: 6.86	: 140.00	: 6.35
Broken A.1 Super	: 100.80	: 4.57	: 87.50	: 3.97	: 86.80	: 3.94
A.1 Special	: 96.88	: 4.39	: 83.30	: 3.78	: 81.20	: 3.68
A.1 Ordinary	: 92.68	: 4.20	: 79.10	: 3.59	: 75.60	: 3.43
C.1 Special	: 77.70	: 3.52	: 74.20	: 3.37	: 67.20	: 3.05
C.1 Ordinary	: 74.90	: 3.40	: 71.40	: 3.24	: 63.00	: 2.86
C.3 Special	: 58.10	: 2.64	: 57.40	: 2.60	: 60.20	: 2.73

Source: Embassy Report.

A feature of the new price adjustments is that commercial quotations on 15-percent white rice and better grades are still holding a high level, indicating a strong demand and weak supply of good-quality rice.

It is also to be noted that the exporting firms whose prices are quoted herein anticipated a drop in official prices a few days before they were announced and adjusted their quotations accordingly.

Prices on C.3 Special, or very fine broken, have gone up slightly because of the fact that millers are converting this grade into flour - some for local consumption and some for export to Singapore. Quantities of rice flour being exported will be reported as soon as possible. At present, exports of rice flour are not subject to control by the Thai Rice Office, thus information on quantities being shipped is not readily available.

Paddy deliveries to Bangkok Mills are heavy, but consist only of the better grades of rough rice. It is reported by trade circles that Bangkok millers are refusing to accept anything but paddy of the highest quality. This is caused by the fact that only high-quality milled rice is in demand for local consumption in and around Bangkok, as well as for export. Thus, the Thai Ministry of Economic Affairs is beginning to recognize the fact that broken rice of grades below A.1 Supers must be treated as milling by-products with millers free to dispose of the same on whatever markets might be available, as contrasted with the previous postwar policy of treating such broken rice as a food commodity subject to strict controls, and also looked upon as a source of Government revenue.

The present very weak demand for the poorer grades of rough rice has certainly resulted in an accumulation of paddy stocks in country godowns and in the bins of the farmers themselves. Inasmuch as rice plantings may be as late as the end of August in some districts, it is possible that total plantings will be lighter than usual for the 1954-55 crop because of the inability of many farmers to finance a new crop on all of their land. Thus, it is quite probable that the 1954-55 harvest will be lighter than for the crop year just past.

FOREIGN ALMOND PRODUCTION FORECAST LOWEST SINCE 1951 1/

The 1954 almond production in the leading foreign producing countries will be 14 percent lower than last year, based on preliminary crop indications. A total production of 72,500 short tons, shelled, has been forecast for these countries, compared with 84,000 tons estimated for 1953 and the 5-year (1946-50) average of 73,100 tons.

ALMONDS, SHELLED: Estimated commercial production in specified countries, 1954 forecast with comparisons

Country	Average 1946-50	1951	1952	1953	Indicated 1954
	Short tons	Short tons	Short tons	Short tons	Short tons
France.....	900	600	900	2,200	1,800
French Morocco.....	2,600	3,700	2,100	3,500	4,000
Iran.....	7,100	7,700	7,700	<u>1/</u> 6,600	8,300
Italy.....	35,800	24,200	44,500	37,900	33,000
Portugal.....	3,400	3,400	6,000	6,000	5,400
Spain.....	23,400	28,500	27,000	27,800	20,000
Foreign total.....	73,100	68,100	88,200	84,000	72,500
United States (unshelled basis).....	40,100	42,700	36,400	36,100	<u>2/</u>

1/ Revised.

2/ Not available.

Sharp decreases are indicated for the 2 largest producing countries, France and Spain. Decreases are also expected in Portugal and French Morocco. Increased production is indicated only in Iran and French Morocco.

The poorer prospects for Italy are attributable to bad weather in the Bari District (Puglia region) which normally produces more than half of the Italian crop. Rain, hail, snow, frost and high winds there during the flowering season had an adverse effect on the set of nuts from the regular bloom. The ultimate size of the Puglia crop is still uncertain depending upon the set resulting from the off-bloom following the frost. The Sicilian crop is expected to be nearly as large as in 1953. Earlier prospects for a big crop in Sicily were dashed by unstable late winter weather, but the outlook is reported as still generally good.

Although considerable uncertainty exists in Spain concerning prospects for the 1954 almond crop, it appears probable that the harvest will be considerably smaller than the 1953 production of 27,800 short tons, shelled. There is little doubt that substantial damage resulted in various growing areas from the extremely cold weather which prevailed over Spain during the first week of last February. However, there are wide differences in the estimates of the extent to which losses of the regular bloom have been offset by the later off-bloom. It is still too early to fully evaluate the crop resulting from such bloom. Past experience has shown that the off-bloom, if it does not shed, will often result in a high proportion of poor quality nuts.

The frost damage described above, in both Italy and Spain, while affecting the bloom, did not extend to the trees. Crops following this year's are therefore not expected to be affected as a result of the freeze this spring.

Indications are that Portugal will have a large crop for the third year in succession, even if lower than last year's very large crop. The forecast decrease is attributed to cold damage in February in the Douro area where production has been increasing because of new planting. A bumper crop has been forecast for Iran, following exceptionally favorable growing conditions this spring.

Foreign stocks, estimated at approximately 6,000 short tons, in early June 1954, are much below the level of the previous two seasons at this time of the year in the 5 exporting countries, i.e., exclusive of France. In June 1953 they were estimated at 13,900 tons and in June 1952 at 12,100 tons. Only Italy, with about 4,500 tons and Portugal with 700 tons, have any appreciable stocks, but even in these 2 countries the stock level is less than half of what it was a year ago. In both of these countries too, it is expected that there will be little, if any, old-crop almonds on hand at the start of the new season.

ALMONDS, SHELLED: Imports for consumption,
by country of origin

Year beginning September 1

Year	French Morocco	Italy	Portugal	Spain	Other countries	Total
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
Average						
1946/47)	36	3,241	109	887	35	4,308
1950/51)						
Annual						
1951/52	47	547	6	936	121	1,657
1952/53	54	578	93	2,505	78	3,308
1953/54 <u>1/</u>	79	1,011	77	2,114	18	3,299

1/ Eight months, September through April.

Compiled from official records of the Bureau of the Census.

UNITED STATES: Exports of shelled and unshelled almonds,
1952-53 and 1953-54, by country of destination 1/,
Year beginning September 1

Country of destination	S h e l l e d		U n s h e l l e d	
	1952/53	1953/54	1952/53	1953/54
	Short tons	Short tons	Short tons	Short tons
Canada.....	261	461	168	200
Mexico.....	3	100	4	<u>3/</u>
Colombia.....	41	21	0	4
Venezuela.....	27	28	3	4
Netherlands.....	100	443	0	10
Belgium-Luxemburg.....	137	225	9	1
Germany, Western.....	<u>4/</u>	173	0	<u>3/</u>
Switzerland.....	1,006	438	0	<u>3/</u>
Philippines, Rep. of.....	4	3	16	9
Cuba.....	14	24	0	<u>3/</u>
Others.....	44	87	39	28
Total.....	1,637	2,003	239	256

1/ Not separately classified as to shelled and unshelled prior to 1952.

2/ Eight months, September through April.

3/ If any, included in others.

4/ Less than one-half ton.

Compiled from official records of the Bureau of the Census.

Exports of these 5 countries so far this season are estimated at 64,000 short tons, shelled basis, representing a much faster movement than in the same period last year when only 42,400 tons were moved. Last year, however, substantial additional tonnages continued to move the rest of the season so that exports for the entire 1952-53 season totaled 63,665 short tons. With only a few thousand tons still available for shipment this season, 1953-54 exports by these countries should not exceed those in 1952-53 by more than 10 percent. 1/

SWISS ACT TO REDUCE DRY MILK IMPORTS

The Swiss Government has decided to reduce imports of dried milk powder by requiring importers to purchase 3 units of domestic Swiss powdered milk for every 2 units of milk powder to be imported. Since the annual dry milk requirements of Switzerland are estimated at 11 million pounds, theoretical imports could not exceed 4.4 million pounds. The regulation will not be important during 1954 since large quantities of imports were made for speculative reasons prior to June.

Importers argued that dried milk imports amount to less than 1 percent of Swiss milk production and therefore imports were magnified beyond their true importance. Milk producers, on the other hand, pointed out that the dried milk imports represent from 25 to 50 percent of the surplus milk production and contended that if cheese imports were also reduced the problem of excess milk production would cease to exist.

Swiss imports of dried milk have been approximating 5 million pounds a year; prewar imports were under 200,000 pounds. The United States has not exported any dried milk to Switzerland for several years.

NEW EGG INCUBATOR NOW IN OPERATION IN VENEZUELA

Venezuela's largest local mixed-feed company, has put into operation one set of incubators hatching 20,000 eggs per week and expects soon to expand production of baby chicks from local eggs to 40,000 per week. When these incubators operate at full capacity they will supply approximately 25 percent of the country's requirements for baby chicks. Local producers of fertile eggs are being paid 9 dollars per 100 by the company.

1/ A more extensive statement soon will be published as a Foreign Agriculture Circular by the U. S. Department of Agriculture, Foreign Agricultural Service, Washington, 25, D. C.

NEW ZEALAND - UNITED KINGDOM
BULK DAIRY CONTRACT TERMINATED

The United Kingdom and New Zealand have agreed to terminate their long-term bulk dairy contract as of July 31, 1954. The original expiration date of the contract was set for July 31, 1955, but was terminated by mutual agreement this year. Under the contract New Zealand has been shipping annually to Britain 87.5 percent of the exportable surplus of butter, 90 percent of the exportable surplus of cheese, 200,000 cases of evaporated milk, 63 million pounds of nonfat dry milk solids and 6.6 million pounds of dried buttermilk.

Certain conditions, however, to the cancellation provide that in 1954 the United Kingdom will not purchase more than 22 million pounds of butter from the United States with funds provided under Section 550 of the United States Mutual Security Act; further that if during 1954-55 the United Kingdom contemplates the purchase of butter and cheese outside of normal sources, New Zealand will be consulted with due regard to maintaining the stability of its dairy market, taking into consideration prices that would have been received by New Zealand producers if the contract had been continued. The Ministry of Food further agreed to purchase unspecified amounts of milk powder from New Zealand.

The United Kingdom - New Zealand contract was one of 3 long-term dairy trade agreements negotiated by the Ministry of Food during World War II when the Ministry became the sole importer of dairy products. The other 2 contracts are with Australia and Denmark; Denmark recently signified it wished the contract to continue through the 1954-55 marketing year.

MEAT EXPORTS FROM NEW ZEALAND
CONTINUE LARGE

New Zealand's meat exports during the current year are indicated at around 875 million pounds, carcass weight equivalent. The continued large exports are possible because of near-record meat production from the record number of livestock on farms.

A smaller portion of the meat exports will go to the United Kingdom than in recent years. It has been reported that the Ministry of Food of the United Kingdom has, at the request of the New Zealand Government relaxed the contract limitations of New Zealand. About 40 million pounds of meat have already been released and sold for export outside the contract. About 2.2 million pounds have been sold to the United States (including Hawaii), 5.6 million to Canada, 12.8 million to Russia, 17.9 million pounds to Western Europe, and smaller quantities to other destinations. Sales to the United States are about evenly divided between lamb and manufacturing beef; Canadian purchases are about two-thirds lamb, with the rest manufacturing beef and small amounts of mutton and beef quarters. Russian purchases were mostly ewe mutton with small quantities of wether carcasses, beef quarters and pork.

NEW ZEALAND: Exports of meat, calendar years 1949-52 1/

Item	1949	1950	1951	1952
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
Beef				
Frozen boneless.....	25,581	32,953	29,506	31,986
Frozen carcass.....	85,957	80,404	51,773	84,897
Canned.....	10,003	10,624	11,120	20,819
Total beef.....	121,541	123,981	92,399	137,702
Veal				
Frozen boneless.....	17,209	18,708	14,178	9,006
Frozen carcass.....	454	148	593	702
Total veal.....	17,663	18,856	14,771	9,708
Lamb				
Frozen carcass.....	425,639	415,996	357,318	455,446
Mutton				
Frozen boneless.....	10,631	12,728	7,459	13,562
Frozen carcass.....	139,247	140,087	102,767	191,756
Canned.....	195	123	333	511
Total lamb and mutton...	575,712	568,934	467,877	661,275
Pork				
Frozen.....	19,429	21,839	18,198	19,534
Bacon.....	244	215	250	234
Ham.....	127	113	221	165
Sausage.....	152	148	571	16,724
Total pork.....	19,952	22,315	19,240	36,657
Other meat 2/	36,692	33,460	35,949	52,886
Total all meats.....	771,560	767,546	630,236	898,228

1/ Product weight basis

2/ Edible offal products, horsemeat, goatmeat, other smoked, cured, salted or pickled meat, canned meat and vegetables, other canned meat.

SOURCE: Official trade statistics of New Zealand.

Exports of meat from New Zealand during the calendar years 1949-52 ranged from a low of 630 million pounds in 1951 to a high of 898 million in 1952. During 1952 exports of lamb and mutton amounted to 73 percent of the total and beef made up another 15 percent.

Only 2.4 million pounds of beef and veal from New Zealand were imported by the United States last year. This was considerably less than the 59 million pounds entering in 1952 through a special trading agreement involving Canada, New Zealand and the United Kingdom (see Foreign Crops and Markets, May 26, 1952.) Imports of New Zealand mutton and lamb in 1953 amounted to 88,000 pounds compared with only 8,000 a year earlier.

New Zealand's meat production for 1953-54 (September-August) is estimated to be 1,274 million pounds. Output at this level would be the second highest on record exceeded only by the 1951-52 production (see Foreign Crops and Markets, March 1, 1954.)

METHOD OF EXTRACTING PROTEIN FROM GRASS
DEVELOPED BY DUTCH SCIENTIST

A method of extracting a protein substance from the juices of grass has been developed by Professor J. J. I. Sprenger of the Central Institute for Agricultural Research at Wageningen, Netherlands.

According to available information the following procedure is followed: The grass juice or glair, known in Britain as "proress" is extracted from grass by means of a British-made press which is said to be comparable to a perfected mincing machine. The pressed juice is then treated with steam, which causes a considerable part of the protein contained therein to coagulate and sink to the bottom of the container. The then clear liquid is removed and the coagulated mass of proteins dehydrated. Since the process of dehydration is still fairly expensive, present experiments are directed at finding a more efficient process for this operation. The proteins which are extracted are free of cellulose and rich in carotene and chlorophyll.

Considerable interest in this experiment has been shown as a method of improving serious protein deficiencies in underdeveloped areas. The process also opens possibilities for improvement in livestock feeds. Non-ruminants (principally hogs and poultry) can consume only limited quantities of grass as their digestive organs cannot process large amounts of cellulose. No official comment has as yet been made on the value of this discovery as regards Dutch agriculture. Although installations at the Institute in Wageningen are presently being expanded, facilities are not as yet available for large-scale production.

PORTUGUESE FARMERS REQUEST ACTION
ON SURPLUS BUTTER SITUATION

Farm leaders from northern Portugal, together with the Civil Governors of three northern States, called upon the Minister of Economy recently to request some action on the butter surplus which is threatening a crisis in the dairy industry. A memorandum from the Farmers's Guilds that was presented to the Minister of Economy pointed out the ambitious expansion program of 1947 had made the country self-sufficient in butter; recent declines in consumer purchasing power, plus rising competition from the margarine industry, has resulted in a surplus supply of butter of more than a million pounds and which is expected to double by the end of the year.

The Farmers' Guilds' memorandum asked, among other proposals, that the Government take action to relieve the butter situation by;

1. The creation of an export fund and arrangements to finance butter inventories to ensure payments to farmers for milk;
2. An adjustment of prices;
3. Increasing the minimum fat content of milk for fluid consumption;
4. Imposing heavy legal penalties for the sale of sub-standard butter;
5. A promotional program for dairy products, particularly butter;
6. An upward revision of prices for margarine raw materials to ensure a fair return to domestic producers of these materials;
7. Prohibiting coloring agents in margarine;
8. Imposing a tax on margarine to be deposited in the butter export fund;
9. A revision of the Six-year Development Plan affecting livestock and dairying so as to promote a realistic adjustment between supply and demand.

The Minister of Economy is studying the proposals.

ARGENTINE MEAT SURPLUS TO CONTINUE SMALL

Shipments of meat from Argentina are expected to continue small through at least September despite heavy export commitments. A more-than-seasonal decline in cattle marketings during the second and third quarters is expected. Sheep slaughter for the season is virtually completed and marketings for slaughter will continue very low until October. Hog marketings in the first quarter of 1954 dropped 44 percent below a year earlier. Fresh meat may be in short supply in July and August in the principal cities.

Argentine exports of beef during the first quarter of 1954 were considerably less than in each of the preceding 2 years. However, the Government is requiring packers to hold about 66 million pounds of beef in storage as a reserve for domestic use in case of a shortage of fresh beef there this winter. In case a shortage does not materialize some of this reserve will be available for export. The beef shortfall under the 1953 agreement with the United Kingdom has been made up by deliveries during the first half of this year. However, there is still an unshipped commitment of around 180 million pounds under the 1954 agreement with the United Kingdom and 11 million pounds under contract with Chile. It is unlikely that the United Kingdom contract can be fulfilled this year. (See Foreign Crops and Markets, March 15, 1954 and March 29, 1954.)

Exports of lamb and mutton from Argentina to the United Kingdom totaled around 45 million pounds in the first half of 1954. The balance of about 10 million pounds due under the Anglo-Argentine agreement will be completed this year. Russia has placed orders for 48 million pounds of ewe and aged-wether carcasses. It is expected that these supplies will have been delivered by August. Shipments are now being made and the balance to be shipped will be from supplies now on hand.

Pork contracts to Germany, totaling 16 million pounds, probably have been filled. Sales to Trieste have recently been negotiated for 22 million pounds of pork sides. Delivery is to be made in monthly shipments of around 1.3 million pounds beginning in August. Of the 11 million pounds of frozen pork committed for shipment to the United Kingdom this year, about 1.4 million had been shipped by April 30. Although hog slaughter in early 1954 continued at relatively low levels, it is expected that export commitments for pork can be filled with little difficulty.

Cattle slaughter trends indicate that producers are continuing to hold female and young stock for herd expansion. It is estimated that cattle slaughter totaled 8.1 million head during 1953 compared with 8.8 million a year earlier and 9.1 million in 1951. It is expected that the domestic market will consume around 90 percent of this year's slaughter.

Total sheep slaughter in Argentina during 1953 is estimated at around 10 million head, considerably smaller than the 10.7 million killed in 1952 but well above the 8.1 million slaughtered during 1951. Total slaughter this year may exceed 1953 as a result of the sizable export market for old ewes and wethers. Due to the strong export demand, prices of sheep strengthened materially early this year, and the packers and the Government have established unofficial ceiling prices for slaughter stock.

Around 1.8 million hogs were slaughtered in Argentina during 1953 compared with 1.6 million a year earlier.

NEW ZEALAND BUTTERFAT PRODUCTION DOWN

Preliminary estimates of production for the 1953-54 season ending June 30 indicates that butterfat production in New Zealand is 7 percent below last year's record high production. The main reason for the decline is the dry conditions prevailing throughout much of New Zealand during the past summer and early autumn. This marks the first year since 1949-50 that production has not shown a gain over the previous year. While good weather was a factor in previous gains, increased cow numbers and improved farm management also contributed substantially to production increases.

With the drop in butterfat production, output of cheese, butter and some types of processed milk declined. Preliminary figures for 1953-54 show farm butterfat production at 500 million pounds as compared with 539 million pounds in 1952-53. Creamery butter production is an estimated 405 million pounds as against 441.7 million a year ago. Cheese production has fallen to an estimated 231 million pounds from 241 million while condensed and powdered whole milk production is an estimated 42.6 million pounds whereas 1952-53 production was 68.5 million.

Production of nonfat dry milk solids rose from 86.7 million in 1952-53 to an estimated 89.6 million pounds; buttermilk powder production is up 1.3 million pounds and casein production increases 2.2 million pounds to more than 18 million pounds.

MILK MARKETING BOARDS RESUME FUNCTIONS IN U.K. WITH GROWTH OF DAIRYING AS OBJECT

With the general discontinuance of Government controls in the United Kingdom the Milk Marketing Board held its first meeting in 15 years in which it could, according to Thomas Peacock, the chairman, report to milk producers as a board, in fact, in fact, as well as in name.

Mr. Peacock took vigorous exception to the Government's position on the dairy industry when during the Annual Price Review in March a decrease in producer prices of 12 cents per cwt. went into effect. The Government's White Paper (as quoted in Foreign Crops and Markets of June 14, 1954, page 554) contended that the amount of milk produced would have to decline unless the amount of milk for manufacturing purposes become unmanageable.

In his report Mr. Peacock referred to the Government's statement saying, "....it is clear that the Government's conception is an industry of limited size. They believe the amount of milk which is now coming off the farms is more than sufficient for the Nation's requirements. The Board cannot agree.....In our view there is scope not merely for further expansion of the liquid market, but for more milk to be used in certain manufacturing markets which have been restricted and neglected for so many years.....They (the Board) do not believe now, any more than they did in the early days, that a strong and stable manufacturing side cannot be built up in this country which will fit into the pattern with the liquid market to support a big and thriving dairy farming enterprise. All our efforts in marketing and production will be geared to this objective."

Other points covered in the report include discussion of a program to restimulate fluid milk consumption to regain the 3-percent loss during the previous marketing year; the disappointing response to offering milk at manufacturing prices for processing into table cream; and a hope to expand the cheese output of British factories.

ARGENTINE WOOL PRICES STRENGTHEN IN MAY

Argentine wool export prices continued to strengthen in May partly due to increased purchases by the United States, although during recent months substantial purchases have been made by Japan, France, Germany and the United Kingdom.

During the first 7 months of this season beginning October 1, 1953 Argentine exports totaled 99 million pounds. Exports to the United States during the period totaled 48.9 million pounds; Japan 10.7 million; France 8.4 million; Germany 8.3 million; and the United Kingdom, 8.1 million. The remaining 15 million pounds were shipped to numerous countries, mostly European. Some increase in purchases was noted in April.

Total Argentine wool exports this season, are not likely to exceed 220 million pounds as compared to about 320 million pounds during the 1952-53 season. However, the 1952-53 exports included the bulk of the exportable portion of the 1951-52 clip.

Export data for May are not available, but the strong prices indicate a level near the 26 million pounds exported in April. April shipments included 11 million pounds to the United States. June exports, however, are expected to show an increase over May because of increased overseas interest. France, Germany and the United Kingdom are likely to continue purchasing appreciable quantities. The Netherlands is expected to make larger purchases soon as a result of a recent trade agreement with Argentina. A barter agreement was concluded on May 20 with Italy involving the exchange of \$15 million of Argentine wool and sheepskins for aluminum, iron sheets, rods, tinplate, and pipes. Also, Japan has recently made appreciable purchases of wool which have not as yet been shipped; and Russia has not yet purchased any of the 64 million pounds stipulated under the Argentine-Russian trade agreement.

In contrast to the activity in the export market, the domestic market remained relatively inactive in June as manufacturers appeared reluctant to carry more than working stocks.

The World wool market is likely to remain firm or possibly even strengthen before the new wool season opens in the Southern Hemisphere in October. Prospects are for a minimum carry-over of Argentine wool into the next wool season. The Uruguayan wool situation also indicates a minimum carryover in that country (see Foreign Crops and Markets, June 28, 1954, page 606). The Dominions wool supplies have moved well in trade channels during the 1953-54 season and the carry-overs will also be small.

NIGERIAN SESAME SEED EXPORTS DOWN SLIGHTLY

Nigerian production of sesame seed for export has averaged about 14,000 short tons during recent years, reports Erwin P. Keeler, American Consulate General, Lagos. Purchases by the Nigerian Groundnut Marketing Board, which buys all exportable surpluses of sesame seed, totaled 15,340 tons of seed during the 1953-54 marketing season (about June 1 to May 31), against 15,540 tons in the preceding season.

Actual exports of sesame seed in calendar year 1953 totaled 13,720 tons, all to the United Kingdom, or about 10 percent less than the 15,078 tons exported in 1952. Prices to be paid to sesame seed producers by the Board during the 1954-55 season are the same as in 1953-54 or £36 per long ton (\$90 per short ton) naked ex-scale at approved buying stations, less the Regional Produce Sales Tax of 10 shillings (\$1.40) per long ton in the Northern Region.

TUNISIAN FLAXSEED PRODUCTION UP IN 1953; DOWN FROM WAR-TIME PEAK

Since the peak year of 1949, Tunisian flaxseed production has steadily declined, reports M. E. Jeneid, American Consulate General, Tunis. However, official statistics of 21,600 bushels from 2,700 acres in 1953 represents an increase from 1952 and 1951 when 11,800 and 15,800 bushels, respectively, were produced.

Tunisia grew small quantities of flaxseed even in prewar days. Government incentives in the form of guaranteed prices to farmers gave a considerable impetus to the cultivation of flaxseed during the period 1948-1950, mainly in grain areas. In 1949, production reached a peak of 886,000 bushels, the bulk of which was exported, principally to France. Since then, the policy of Government aid has been abandoned and seeding and output have steadily fallen off. Some part of present production is understood to be used by the small local paint industry.

PHILIPPINE COCONUT-PRODUCTS PRODUCTION UP ONE-FOURTH

Philippine production of copra, coconut oil and desiccated coconut during the first quarter of 1954 totaled 229,252 long tons, copra equivalent basis, according to S. G. Anderson, American Embassy, Manila. This is an increase of one-fourth from the 183,119-ton production during the first quarter of 1953. The expansion was the result of fairly good weather and higher prices obtaining during the latter half of 1953.

Copra exports during January-March 1954 totaled 152,337 tons or one-third more than the 112,943 tons shipped in the first quarter of 1953. Coconut oil exports of 13,477 tons were one-fifth larger than the 9,938 tons of first quarter 1953. In contrast, exports of desiccated coconut decreased by 36 percent or from 11,228 to 7,154 tons. Domestic utilization of coconut oil amounted to 29,550 tons compared with 25,750 tons in January-March 1953.

PHILIPPINE REPUBLIC: Copra, coconut oil and desiccated coconut production
in copra equivalent, January-March 1954 with comparisons

(Long tons)

	:Average: :1947-51:	1952	:1953 1/	January - March	
	:	:	:	1953 1/ 2/	1954 1/
Exports:	:	:	:	:	:
Copra.....	:720,487:2/	651,764	:592,267:	112,943	:152,337
Coconut oil as copra 3/.....	:87,517:	126,290	:92,998:	15,775	:21,392
Desiccated coconut as copra 4/	61,294:	45,192	:56,770:	13,528	:8,618
Total as copra.....	:869,298:2/	823,246	:742,035:	142,246	:182,347
Domestic utilization:	:	:	:	:	:
Coconut oil as copra 3/.....	:89,035:	111,111	:123,810:	40,873	:46,905
Total production as copra 5/.....	:958,333:2/	934,357	:865,845:	183,119	:229,252

1/ Preliminary. 2/ Revised. 3/ Computed at 63 percent oil extraction rate.
4/ Computed at 83 percent of copra equivalent. 5/ Excluding coconut utilized in
the making of home-made oil and native culinary preparations.

Source: Philippine Trade.

The domestic price for fresh copra in Manila in early January was 39 pesos per 100 kilos resecada (\$198 per long ton), the same as at the opening of 1953. Trading reached new highs in European markets during the third week of January, but the United States market remained quiet as stocks were at good levels. In February the market eased somewhat due to the slackening demand from Europe. The decline continued throughout March, reaching 28.50 pesos (\$145) by the end of the month, due to continuing lack of buying interest. The average for the quarter was 35.58 pesos (\$181) compared with 40.96 pesos (\$208) for the same period of 1953. In addition to the competition of copra from Indonesia, quantities of African palm kernel oil and United States surplus cottonseed oil were available in Europe as a copra substitute at attractive prices.

The export price followed the same trend. The c.i.f. Pacific coast price per short ton declined from an average of \$217.20 in January to \$204.00 in February and \$178.50 in March. Export prices of coconut oil (exclusive of processing tax) declined from an average of 16 U. S. cents per pound f.o.b. tank car Pacific coast in January to 15 1/8 cents in February and 13 1/4 cents in March.

(Continued from Page 1)

UNITED KINGDOM: Imports of cotton by countries of origin;
averages 1935-39 and 1945-49; annual 1951 and 1952;
August-March 1952-53 and 1953-54

(Equivalent bales of 500 pounds gross)

Country of Origin	Year beginning August 1					
	Averages		1951	1952	August-March	
	1935-39	1945-49			1952-53	1953-54
	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales
Anglo-Egyptian Sudan.....	143	195	308	127	42	149
Belgian Congo.....	1/	69	42	29	16	21
British East Africa.....	35	65	133	107	75	47
British West Africa.....	26	33	53	94	55	57
Egypt.....	617	379	72	72	29	168
India and Pakistan.....	416	125	77	120	52	94
Syria.....	1/	2/ 12	50	46	32	29
Mexico.....	1/	2/ 5	102	59	44	64
Argentina.....	43	4	2	95	76	46
Brazil.....	240	333	152	69	0	142
Peru.....	184	81	119	77	37	33
Soviet Union.....	1/	3/ 36	1/	0	0	16
United States.....	1,348	487	681	366	283	240
Other Countries.....	76	6	27	55	40	26
Total.....	3,128	1,830	1,818	1,316	781	1,132

1/ If any, included in Other Countries. 2/ 1949-50 only available figure. 3/ Two-year average.

Compiled from Trade and Navigation of the United Kingdom and official reports.

Consumption of cotton in February and March, estimated from weekly averages, amounted to 145,000 bales and 187,000 bales (5 weeks) compared with 129,000 and 133,000 (4 weeks) respectively, a year ago. In April, however, mill activity declined at the Easter weekend, and further reductions may occur in the summer season. Stocks at the end of February were 873,000 bales as compared with 1,045,000 bales on hand a year ago.

Trading in cotton since the Liverpool market opened has been generally slow and traders have been operating with caution. Changes in the official spot prices of representative quality of the principal growths are shown below:

Growth	May 19	May 24	May 27	May 31	June 1
	(Equivalent U.S. cents per pound)				
American Middling 15/16	39.17	39.05	39.27	39.16	39.04
Peruvian Tanguis 1-3/16	47.27	47.27	47.85	47.85	48.14
Brazilian Sao Paulo good	38.17	38.17	38.16	37.58	37.58
Egyptian Karnak (nominal)	60.72	58.43	57.65	57.65	57.65
Egyptian Ashmouni (nominal)	52.73	49.33	48.73	48.73	48.73

RAINS DAMAGE BRAZILIAN
COTTON CROP

Heavy rains and consequent increase in insect infestation have damaged the 1953-54 cotton crop in South Brazil by an estimated 10 to 15 percent, according to Glenn A. Ruggles, Agricultural Officer, American Consulate General, Sao Paulo. This crop was previously estimated at 1,010,000 bales (500 pounds gross). There has been no change in the estimate of 340,000 bales for the crop in North Brazil. This would indicate a new estimate for all Brazil of 1,200,000 to 1,250,000 bales instead of the previous estimate of 1,350,000 bales.

The hard winds and record rainfall in May and early June caused considerable damage to the 35 percent of the cotton in South Brazil not yet picked--approximately 25 percent of the bolls were open for harvest and about 10 percent were not open. With clear weather during the latter part of June, harvesting was resumed but quality was off and unopened bolls were mostly lost. Quality dropped from a range of types 3-1/2 to 5-1/2 before the rains to types 6-1/2 to 9 in the latter period. Another generation of pink bollworm also developed during the prolonged rains causing further damage to this year's crop and increasing the possibility of heavy infestation next year.

Cotton prices were temporarily increased as a result of the rain damage but sales of new-crop cotton were reportedly slow as producers were holding for better prices. The price of Sao Paulo, Type 5 cotton on June 24 f.o.b. Santos for export was equivalent to 33.60 U.S. cents a pound, about 1.5 cents below the Houston price (net equivalent) for Middling 15/16-inch on the same date.

Cotton exports from Brazil in May 1954 were estimated by trade sources at 120,000 bales compared with 33,000 in May 1953. Exports for the 10-month period August 1953-May 1954 totaled 1,131,000 bales as against only 108,000 during the corresponding period of 1952-53. The present heavy export movement began in August 1953 after export prices were reduced by decree and has since attained a level far above that of any recent year since 1946-47. Principal destinations of 1953-54 exports have been: Germany 207,000 bales; Japan 202,000; United Kingdom 194,000; France 102,000; China 95,000; Italy 90,000; the Netherlands 49,000; Spain 48,000; and Belgium 46,000. Exports to all destinations except those in South America and Australia were considerably larger than those of the previous year.

Trade reports indicate that cotton consumption in South Brazil has increased in recent months as a result of improved textile demand based on sharp wage increases for nonagricultural workers and a generally higher standard of living. Further increases may be expected for the same reasons. No cotton stock figures are available at this time.

(See export table on following page)

BRAZIL: Cotton exports by countries of destination; averages
1935-39 and 1945-49; annual 1951 and 1952;
August-May 1952-53 and 1953-54

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1				August-May	
	Averages -		1951	1952	1952-53	1953-54
	1935-39	1945-49				
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Canada.....	4.2	16.2	1/	2/	2/	18.1
Belgium.....	30.0	70.7	1/	0	0	46.2
Finland.....	2.3	10.2	14.5	0	0	0
France.....	89.5	64.1	47.4	4.3	1.1	102.2
Germany.....	285.6	.6	59.1	4.2	.2	206.6
Italy.....	39.3	110.5	2.8	0	0	89.8
Netherlands.....	33.3	43.3	1.1	0	0	48.6
Poland.....	17.2	49.2	2.6	0	0	0
Portugal.....	26.4	11.2	5.4	2.1	0	11.9
Spain.....	2.8	136.3	3.9	29.9	30.0	47.7
Sweden.....	5.2	48.5	3.7	.5	.2	19.3
United Kingdom.....	240.5	336.8	107.7	69.3	62.4	194.1
China.....	81.7	79.2	31.7	0	0	94.7
India.....	0	7.5	1/	0	0	1.4
Japan.....	241.7	.9	54.8	24.9	5.1	201.5
Chile.....	0	11.5	1.6	8.7	8.6	5.2
Colombia.....	.7	17.8	1/	0	0	1.3
Uruguay.....	0	7.2	1/	.7	.7	12.8
Australia.....	0	25.9	8.0	0	0	2.2
Other countries.....	11.7	68.5	3.1	0	0	27.2
Total.....	1,112.1	1,116.1	347.4	144.6	108.3	1130.8

1/ If any, included in "Other countries." 2/ Less than 500 bales.

Source: Comercio Exterior do Brazil and U. S. Foreign Service reports.

TRADE DEVELOPMENTS IN FOREIGN COUNTRIES

Foreign reserves continue upward --- During the first quarter of 1954, foreign countries realized a surplus of \$576 million in their trade, aid, and other transactions with the United States. Largely as a result of this surplus, the gold and dollar reserves of the free world rose \$607 million during the same 3 months. On March 31, 1954, free world foreign reserves totalled \$23.4 billion, or \$2.4 billion more than a year earlier. In addition, international organizations held \$3.4 billion in gold and dollars. The largest gains during the first quarter of 1954 were registered by the United Kingdom (+ \$189 million) and Western Germany (+ \$156 million); the largest decline by Japan (- \$151 million).

Denmark May Expand Grain Imports --- Though the drought has been broken and the outlook for the grain crop is good, the prolonged dry spell in Denmark this spring has reduced the hay crop. With continuing strong demand for livestock products and rising livestock numbers, the outlook is for considerable increases in imports of grains and feedstuffs as compared with last year. Since Denmark recently has had more favorable balance of payments in relation to the dollar area than in relation to European Payments Union countries it is possible that some of the needed grains will be bought in the dollar area.

Japan attempts to expand Asian trade --- The decline in Japanese exchange reserves reflects in part a continued severe trade imbalance with the West. As a result Japan has been pressing vigorously for increased trade with Asia. Japan must find outlets for its textile, farm and industrial machinery, rolling stock, electric generating equipment, steel and cotton textiles. The countries of Asia which are undergoing economic development require these commodities and in turn have the natural resources needed for Japan's industry. Furthermore, geographic proximity and the attendant transportation savings, make Japanese prices more competitive in the Asian than in other markets. Japan currently has bilateral trade agreements in effect with Indonesia, Indochina (through France), South Korea, the Philippines, Taiwan (Formosa), Thailand and among the sterling area countries with Burma, Ceylon and Pakistan. The 1-year agreement with Pakistan is currently being renegotiated on a long term basis; Japanese imports will probably include foodgrains and cotton, its exports will include textile machinery.

Japan expecting good harvests in 1954 --- According to a report from the Agricultural Attache, American Embassy, Tokyo, it is estimated that crop production in Japan will be much above the low level of 1953. The combined output of wheat, common barley, and naked barley (the harvest is now nearly complete) is estimated at 3,930,000 metric tons - 6 percent more than the previous high of 3,695,000 tons, set in 1952, and 14 percent, or 475,000 tons above the 1953 output. No major change in rice acreage is indicated, and moisture conditions are reported good for the crop. Only slight changes in planted area are indicated for other spring crops, including small increases in white potatoes, oats, corn, soybeans, and kidney beans. Growing conditions for these crops are reported about normal.

Successful harvests in 1954 will serve to relieve the burden imposed on the Japanese economy by the heavy importation of foodgrains following the short rice crop in 1953.

Pakistan a Likely Market for Increased Agricultural Imports -- Pakistan's need for foreign agricultural commodities provides several possibilities for expanding United States agricultural exports to that country. There is a new and potentially permanent market for cotton of staple lengths of 1-1/8 inch or slightly longer for manufacturing higher quality cloth. It is estimated that during the current year Pakistan could use substantially more American tobacco in addition to the normal imports from the United States that now amount to about \$2 million a year. Also there is a need for vegetable oils and dairy products.

Although there is a potential demand in Pakistan for more imported agricultural products, the country is faced with a shortage of dollar exchange with which to purchase goods from hard currency areas. Therefore, some other method of payment must be devised if the market for United States agricultural products is to be substantially increased in the near future.

L A T E N E W S

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The British-Czech conference on renewal of a 5-year trade agreement, which expires this month, has been broken off and the United Kingdom delegation has returned to London. Difficulties apparently arose over details of the payments agreement. Under the pact Czechoslovakia has been supplying canned meat, fruits and vegetables, cheese and sugar confectionery.

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